

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/01):
BUTTER: Grade AA closed at \$1.3000. The weekly average for Grade AA is \$1.3083 (-.0092).

CHEESE: Barrels closed at \$1.2000 and blocks at \$1.2350. The weekly average for barrels is \$1.2360 (-.1140) and blocks, \$1.2670 (-.1218).

NONFAT DRY MILK: Extra Grade closed at \$0.9900 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9900 (N.C.) and Grade A, \$1.0000 (N.C.).

BUTTER: Butter markets remain weak. The cash price at the CME continues to decline, but many handlers are surprised at the recent minimal adjustments on the way down. Many feel that there will be additional declines. Churning activity is quite active. Cream supplies are reported to be readily available from local and out of area suppliers. Cream is moving greater distances to find processing facilities and often, cream suppliers are having to meet buyers offering prices rather than hold unsold cream. For the most part, current production is surpassing demand, thus surplus butter is entering warehouses. Handlers are somewhat more comfortable building inventories with prices on the downward slide. Overall buying interest remains centered around short term or fill-in needs.

CHEESE: The cheese market is weak. Cash cheese prices declined sharply early this week. Demand remains sluggish as buyers wait for prices to hit bottom before reordering whenever possible. Current cheese offerings are at least adequate for needs. Inventories are accumulating at some plants. Manufacturing schedules were steady to often heavier in the Northeast and Midwest, steady to lower in the West.

FLUID MILK: Milk production is increasing in much of the Eastern half of the country. Steady to slightly higher milk output is noted in California and the Southwest. In the Northwest and parts of the Mountain States, weather problems led to a slightly lower milk flow. Fluid milk supplies are generally termed as excessive and manufacturing/surplus milk is abundant. Sales at prices well below Class were common, particularly on the weekends. A midweek storm blanketed a large portion of the country's midsection in snow, ice and severe cold. Prior to the storm, there was a surge of panic buying of milk and other food staples. During and immediately after the storm, milk pick-ups and transportation schedules were brought to a stand still. Outside the storm-affected areas, bottled milk sales are about normal. The fluid cream market is extremely weak. Spot demand is slow at best and cream supplies are reaching burdensome levels. With heavy offerings and little demand, more and more cream is moving to butter producing plants. The result of this is lower paying

prices and long lines of tankers waiting to unload. Some suppliers, trying to stimulate interest, have told Class II & III buyers to "name their price," which garnered few, if any, spot sales.

DRY PRODUCTS: The NDM market continues in the same vane as it has been for the past couple months. Production is heavier as surplus milk supplies are being likened to flush-time levels in the East and Upper Midwest. Some producers continue to sell to CCC while others are building inventories. Demand is fair at best and mostly for immediate needs. The possibility of a support price tilt adjustment, for the second consecutive month, is playing a big role in buying and selling decisions. The dry whey market is weak and prices continue to move lower. Production is heavier and producer stocks are building. Plants that didn't have loads to sell on the spot market in December are now offering discounts to help improve demand. The dry buttermilk is weak and prices are sharply lower. Production levels are up dramatically and plant inventories are growing. Demand is lackluster at best. The WPC market is still weak, but the low priced, feed product noted last week has cleared. Demand from the food side of the market is about steady.

CCC: At midweek, the KCCO office was closed by an ice and snow storm. During the storm-shortened period of January 28 - 29, NDM purchases total 7,153,777 pounds. Of the total, 710,963 pounds originated in the East and 6,442,814 pounds came from the West.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the January 2002 prices under the Federal Milk Order pricing system: Class II \$12.69 (up \$.08), Class III \$11.87 (up \$.07); and Class IV \$11.93 (up \$.14). Product price averages used in computing Class prices are: butter \$1.3324, NDM \$0.9161, cheese \$1.2922, and dry whey \$0.2747. The Class II butterfat price is \$1.4916 and the Class III/IV butterfat price is \$1.4846. Further information may be found at:

www.ams.usda.gov/dairy/mib/classprcacnmt.pdf

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first eleven months of 2001 totals 155.5 billion pounds, 0.4% higher than the same period in 2000. Comparing disappearance levels with year earlier levels: butter is -3.2%; American cheese, +3.2%; other cheese, -0.2%; NDM, +24.6%; and fluid milk product, -0.3%.

CONSUMER PRICE INDEX (BLS): The December CPI for all food is 174.7, up 2.8% from December 2000. The dairy products index at 170.8 is up 5.8% from a year ago. The following are the December-to-December changes for selected products: fresh whole milk +4.6%, cheese +7.2%, and butter +18.8%.

*****SPECIALS THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 28	TUESDAY JANUARY 29	WEDNESDAY JANUARY 30	THURSDAY JANUARY 31	FRIDAY FEBRUARY 1	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.3200 (-.0300)	\$1.2600 (-.0600)	\$1.2000 (-.0600)	\$1.2000 (N.C.)	\$1.2000 (N.C.)	(-.1500)	\$1.2360 (-.1140)
40# BLOCKS	\$1.3450 (-.0400)	\$1.2925 (-.0525)	\$1.2275 (-.0650)	\$1.2350 (+.0075)	\$1.2350 (N.C.)	(-.1500)	\$1.2670 (-.1218)
BUTTER							
GRADE AA	\$1.3150 (-.0025)	----	\$1.3100 (-.0050)	----	\$1.3000 (-.0100)	(-.0175)	\$1.3083 (-.0092)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.9900 and Grade A price is \$1.0000. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 28, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CARBARRELS @ \$1.3200; 6 CARS 40# BLOCKS: 1 @ \$1.3450, 3 @ \$1.3500, 2 @ \$1.3850

BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.3175, 1 @ \$1.3150; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.3125, 1 @ \$1.3075, 1 @ \$1.3025, 1 @ \$1.3000; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.3250, 1 @ \$1.3275

TUESDAY, JANUARY 29, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CARBARRELS @ \$1.2600; 7 CARS 40# BLOCKS: 2 @ \$1.2925, 3 @ \$1.3000, 1 @ \$1.3100, 1 @ \$1.3450

WEDNESDAY, JANUARY 30, 2002

CHEESE — SALES: 4 CARS 40# BLOCKS: 3 @ \$1.2200, 1 @ \$1.2300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.2000; 2 CARS' 40# BLOCKS: 1 @ \$1.2275, 1 @ \$1.2600

BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS GRADE AA: 1 @ \$1.3100, 1 @ \$1.3150, 1 @ \$1.3200, 1 @ \$1.3300, 1 @ \$1.3400, 1 @ \$1.3500

THURSDAY, JANUARY 31, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2350; OFFERS UNCOVERED: NONE

FRIDAY, FEBRUARY 1, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 6 CARS GRADE AA: 3 @ \$1.3100, 1 @ \$1.3050, 1 @ \$1.3025, 1 @ \$1.3000; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2800; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.3050, 1 @ \$1.3100, 1 @ \$1.3200

BUTTER MARKETS

NORTHEAST

Through January 28 trading, the butter price at the CME continues to move slowly lower at the CME. The market tone is unsettled to weak. Eastern butter makers have tankers of excess cream lined up in their driveways waiting to unload. Midwestern churners are also getting growing volumes of Eastern excess cream and paying lower multiples for the cream. Stocks of butter are more than ample for current needs and most producers are building inventories. Reports of butter being "put away" for future needs or as a hedge against futures positions are being noted. To some contacts, storing butter at \$1.30+ seems strange, but to have "\$1.30 butter" on hand during July and August may be a good thing for some buyers. There are some unconfirmed reports of bulk butter being moved at a discount to the current market. Buyer interest is fair at best. Retailers seem to have enough on hand for a while and are taking their contracted volumes. Retail sales are slow to fair, as prices remain high. Food service orders are fair to good. Sales of bulk butter, f.o.b. East, are reported in a range of 1 – 6 cents over the CME price/average.

CENTRAL

Butter markets are weak as the cash butter price at the CME continues to decline. Handlers feel that the price will continue to decline, although at what level will it settle out at is receiving mixed opinions. Conversations continue to surface about a possible butter/powder tilt within the industry. If an adjustment does occur soon, this could greatly influence where the price might settle. Churning activity is quite active. Cream offerings are readily available from local and out of area

sources. Many butter producers are indicating what they are willing to pay for available cream at this time, with suppliers often having to meet their offers versus holding unsold cream. Current production continues to outpace demand, thus additional volumes are clearing to inventory. Handlers are more willing to take on additional stocks in a weak market. Overall demand continues to center around short term needs. Bulk butter for spot sale is selling in a price range of flat - 3 cents per pound over various pricing basis.

WEST

Churning activity is heavier at most Western production facilities. Cream is readily available and some is moving greater distances to find a willing buyer. Production of both prints and bulk butter is heavier. Demand is fair for this time of year, but stocks are building at more locations. Contacts are watching the major weakness on cash cheese at the CME and are wondering if it will have an impact on butter markets also. Ice cream manufacturing is lighter at this time because of the season and because of cream prices being this high this early in the year. If butter prices move lower, the assumption is that ice cream production would increase at a faster rate. CME weekly butter stocks increased by 5.3 million pounds this past week. Over the past five weeks, stocks have increased 26.5 million pounds. The total now stands at 45.6 million pounds. Current prices for bulk butter range from 5 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	38% MOISTURE BARRELS				CLASS II	ALL CLASSES
JAN 26	1.2973 6,083,716	1.3091 11,474,784	0.9156 27,497,301	1.3188 4,698,585	0.2625 10,374,564	1.8122 1,633,135	1.7376 4,237,420

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices moved higher, based on last week's price averages at the CME. However, cheese prices, this week, appear to be moving lower. The market tone is unsettled. Cheese output in the Northeast is holding up at heavier than expected levels. Surplus milk volumes remain heavy and area plants have all the milk they want being offered to them. Cheese stocks are adequate to ample. Demand has slowed slightly as Super Bowl weekend needs have already been shipped. The Super Bowl weekend remains the number one weekend for snack-food consumption. Retail promotions are helping sales and wholesalers are busy filling last minute orders. Food service orders are holding at fair to good levels.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4525-1.9225
Cheddar Single Daisies	:	1.4100-1.8700
Cheddar 40# Block	:	1.5500-1.7400
Process 5# Loaf	:	1.5700-1.7450
Process 5# Sliced	:	1.5900-1.8575
Muenster	:	1.6125-1.8200
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is weak. Cash cheese prices started to decline at the Chicago Mercantile Exchange on January 25 and slid further this week. Orders are generally slow to fair at best. As is normally the case when cash cheese prices decline, many buyers delay purchases waiting for potentially lower and/or steady prices before reordering. Process movement is generally steady at best. Extra barrels are occasionally available from some producers while others continue to just meet commitments. Natural bulk cheese sales are generally light. Some shred lines are also operating on reduced schedules. Some plants continue to build inventory due to sluggish sales. Manufacturing milk supplies are steady to occasionally higher. Some plants have added an extra vat or two while others have added an extra day to handle milk supplies. In at least one case, surplus milk backed up into cheese production instead of bottled due to concerns over Kmart payment/status.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5700-1.6500
Brick And/Or Muenster 5#	:	1.6300-1.9525
Cheddar 40# Block	:	1.6100-2.1150
Monterey Jack 10#	:	1.8300-2.1150
Blue 5#	:	2.1425-2.3300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6500-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0675-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 28 - FEBRUARY 1, 2002
BARRELS*	:	\$1.2100 - 1.3600 (NOMINAL)
	:	(-\$.1225)
40# BLOCKS	:	\$1.2275 - 1.3900 (NOMINAL)
	:	(-\$.1375)

() Change from previous week. * If steel, barrel returned.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
01/28/02	23,448	:	129,916
01/01/02	13,010	:	118,187
CHANGE	10,438	:	11,729
% CHANGE	80	:	10

WEST

Prices reported here continue to increase based on last week's CME weekly average, but they are expected to fall next week based on the sharply lower prices recorded the first few days of this week. Contacts note that the market activity is mostly offer based and there is little buying interest at the CME. Demand has slowed since the market moved sharply lower early this week. The buyer strategy seems to be to wait while prices decline until there is some indication of a bottom being put in. The problem for them is that buyer inventory levels are on the light side, so that the strategy will only work for a limited period of time. It is noted that producer stocks are somewhat larger, but most are not complaining about heavy inventories at this time. Production levels range from steady to slightly lower than anticipated. The Swiss market appears to remain in good balance. Producers report that they have comfortable working stocks. The mozzarella market is mixed with some operations moving milk in and out of production facilities to attempt to balance supplies.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5050-1.7650
Cheddar 40# Block	:	1.5100-1.6500
Cheddar 10# Cuts	:	1.6900-1.9100
Monterey Jack 10#	:	1.7000-1.8600
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5300

FOREIGN

Prices are unchanged on imported, higher on domestic styles. The market tone is steady. Imports are starting to show up with some regularity, but importers note that sampling and inspections continue to delay some imports. This, coupled with some new computer/program "glitches," has delayed the clearances of some soft ripened cheeses to the point that the expiration date had passed or was too close to risk selling it. Situations like this are discouraging, but being dealt with as best they can. Demand for imported or foreign-type cheese is fair. According to the most recent USDA Agricultural Trade Update, cheese imports during the first ten months of 2001 totaled 158 MT, up 6 MT from the same period last year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK
VARIETY	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.7550-3.2500*
Gorgonzola	: 3.2400-5.9400	: 2.2550-2.4900*
Parmesan (Italy)	: TFEWR	: 3.1725-3.2250*
Romano (Italy)	: 2.1000-2.9900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.7625-1.9725*
Romano (Cows Milk)	: -0-	: 2.9475-5.1275*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.5900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.9500	: -0-
Gouda, Large	: 2.3900-2.6800	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	11	0	0	0	48
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is increasing in most sections of the Southeast and in some areas of the Northeast. Mild, almost summer-like weather has been common from the Middle Atlantic area south and very mild temperatures have been recorded in New England. This is helping keep the milk flow from dropping. Consequently, fluid milk supplies are long, almost burdensome. Some contacts note that they haven't had this much milk and cream to clear during the past few "flush" seasons. Bottled milk sales are about steady. Bottlers in some areas are gearing up for the typical first-of-the-month surge, but mostly bottling schedules are little changed from week to week. Surplus milk volumes are heavy and manufacturing plants are busy trying to clear all the milk. Some contacts have had to clear "weekend milk" at discounted prices as the volumes were too great to carry over. Florida handlers shipped some milk out of state for processing. Balancing plants in the Southeast are quite active, particularly on the weekends. The condensed skim market is steady and offerings are more than ample for current Class II & III needs. Drying is heavy and NDM stocks are increasing. The fluid cream market is weak. Volumes are excessive and spot demand has come to a halt. As one marketer put it, "it's a bloodbath out there." Spot prices are nominal as only a few Class II sales were noted. Between lower multiples and the nearly five-cent drop in last week's CME average butter price, cream prices (particularly Class II) are moderately lower. Some suppliers are basically telling customers to name their price. Even that offer is meeting with little buying interest. Churning facilities, both locally and in the Midwest, are beset with cream. Some butter makers are paying flat market, delivered, date of delivery while others are paying about 10-15% more than flat market, delivered. Even with low prices, tankers of cream are lined up waiting to unload at butter plants. Ice cream makers were taking contracted volumes, but few made spot purchases. Most feel that the CME butter price will move lower and they are waiting. Cream cheese producers are occasionally taking advantage of the abundant cream supply and low prices.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5415-1.7128
DELIVERED EQUIVALENT ATLANTA	-	1.5547-1.7128 M 1.5547-1.5810
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6469-1.7259

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9700- 1.0500
NORTHEAST- CLASS III - SPOT PRICES	- .9200- .9900

M I D W E S T

Class I demand was about average at best, at least early in the week. However, storm related demand generated extra bottled milk interest where heavy snow and/or ice caused travel problems. Manufacturing milk supplies remain seasonally heavy. In at least one case, a bottler needed less or cleared milk into manufacturing channels rather than distribute product through a large retailer due to recent financial concerns. Manufacturing milk offerings were burdensome and spot interest was light. Manufacturing milk volumes available for purchase exceed interest at current price levels. Falling manufactured product prices, particularly cheese and whey, caused spot surplus premiums to decline to at least 50 cents under class up to \$1.50 over with most activity occurring at less than 50 cents over class. Clearing cream remains a problem. Cream supplies are burdensome and churning remains heavy. Reported prices are nominal with cream prices for the churn well under a 120 multiple. At least a few ice cream

producers remain at least partially on the sideline due to equipment upgrades and/or maintenance issues. Condensed skim prices are fairly steady with good interest noted in Class III. Condensed prices range from \$.95 - 1.05. Plant milk receipts are steady to seasonally higher. Temperatures moved from setting new record highs for a certain day in January and full golf courses in Wisconsin over the weekend to seasonal along with snow.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 24 - 30	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.75	\$ 40.00- 46.00
REPLACEMENT HEIFER CALVES	\$450.00-630.00	\$260.00-325.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 24 - 30	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 45.00	\$ 36.00- 49.00

W E S T

Milk production in CALIFORNIA this week is steady to marginally higher overall. Some interesting winter weather patterns created snow over parts of the CENTRAL VALLEY and SOUTHERN CALIFORNIA. The winter weather also closed the Grapevine mountain pass for a limited time and milk shipments north and south were affected. The impact of the cold and windy weather was not immediately noted from milk intakes, but there could be some effects. Hay clipping was started in the IMPERIAL VALLEY. Seasonal weather conditions continue in the NORTHERN areas and milk production is rated at slightly higher than year ago levels. Fluid milk orders are staying mostly steady and have settled into normal ordering patterns. Milk output is trending seasonally higher across much of ARIZONA at levels marginally above a year ago. Cooler temperatures were noted over much of the state, but no immediate response to milk intakes was noted. Fat and solids levels of milk are peaking. CREAM offerings are growing in the region and being met with price resistance. Part of the predicament is that butter prices remain higher than desired by many contacts. They are concerned about building butter inventories at these levels and remain cautious that the price may be overstated and could fall. Western multiples are in a wide range of 104 to 120, FOB. Overages for in-state California cream prices are also declining. More winter weather is common over much of the PACIFIC NORTHWEST. More moisture, including scattered snow at many of the lower elevations, was noted over much of the region. Drought talk is quickly leaving the vocabulary of most of the locals. Even very well managed herds are facing some increasing herd health problems because of the continuously wet conditions. Somatic cell counts are increasing in many herds, which leads to lower production in those affected animals. Feed and hay markets are generally quiet at this time. Conditions in northern UTAH are colder and more snow is in the valleys than in many years. In the CACHE VALLEY around LOGAN, snow cover is generally more than 20 inches from an early week storm. After the storm moved through temperatures plummeted. Temperatures on the valley floor ranged from 25-35 below zero without any wind chill. Temperatures as low as 62 degrees below zero were noted in some of the alpine valleys. Producers are struggling to cope with these harsh conditions. Water lines and waterers are freezing up and need constant attention to keep them working and to monitor that they don't break and flood the barns. Snow needs to be moved off of lanes for milk pick-ups and to clean out feedlots. Just getting equipment started under those conditions can be an ordeal. It will take some time to see what impact this will have on herd health and milk production. Hay prices had declined slightly in the region over the past two weeks. This weather pattern may force prices back up as feed consumption will certainly increase. Southern IDAHO got some of this storm, but conditions were not quite as bad in the dairy areas. Most of the major snow stayed in the mountains where it will be needed for the upcoming growing season.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to slightly lower on a steady to weak market. While single load spot prices are generally unchanged, some multiple loads are trading at slight discounts. Traders are bidding as low as .9200 FOB in order to be competitive with Western supplies. Producers are generally resistant to trader bids yet also expressing concern about building inventories. With the possibility of a tilt change, some plants are looking at preparing more NDM in government bags. However, government bag supplies are tight with some bag manufacturers unable to satisfy current shipments. Production of high heat is beginning to slow as higher milk intakes require the production of low heat instead. Off grade supplies are readily available and competitive with the 34% WPC market.

EAST: Prices are generally steady and the market tone remains unsettled. The February base price as announced by the national marketing agency is virtually unchanged from January's base. Production levels remain heavy and producer stocks are building. Surplus milk supplies are holding up heavier than expected. The date notwithstanding, conditions are almost flush-like. A long time contact did comment that back in the good old days, it was not uncommon to get a "mini flush" in January. Eastern NDM continues to clear to CCC and those plants not selling to CCC are building inventories. Spot demand is sluggish. The possibility of a tilt change continues to affect purchases.

Includes EXTRA GRADE and GRADE A

F.O.B. CENTRAL/EAST:

LOW/MEDIUM HEAT: .9000 - .9725 MOSTLY: .9300 - .9700
HIGH HEAT: .9600 - 1.0350

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are slightly lower on the top ends of both the range and mostly series. There is very little new market information to cause pricing levels to change very much in the short term. Production remains seasonally active. Weaknesses in other product markets are affecting the production of NDM. The rapidly declining cheese market is causing some cheese producers to decrease the levels of condensed skim and NDM used in cheese production. Last week, the trade was commenting that usage was increasing in cheese making. The very weak cream market is causing some diversions away from separators. However, contacts are aware that demand for cream and cheese could strengthen quickly once pricing floors are established and inventories are sought. Offerings remain active to the price support program this week. During the week of January 21 - 25, adjusted support program purchases totaled 13,209,540 million pounds of NDM with 12,078,220 pounds from the West. High heat prices are unchanged. There remains limited trading. Production levels are light to moderate and highly centered on contractual obligations. Producers want to keep inventories at low levels.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - 1.0000 MOSTLY: .9000 - .9225
HIGH HEAT: .9550 - 1.0100

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 25	\$.9041	16,312,429	10,234,920
January 18	\$.9032	13,446,252	8,390,111

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a weak market. While some brand specific supplies continue to trade steadily at the higher end of the range, heavy discounts are noted at other locations. Condensed supplies are in better balance than the week prior due to increased ice cream interest. However, movement into custom dryers remains strong. Production is steady to higher with expected increases due to heavier cream movement and subsequent butter production. Demand is light as buyers are often non-responsive to producer offers to "make a bid."

BUTTERMILK: .8500 - 1.0150

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices continue to move lower and the market tone remains weak. Production levels are holding well above anticipated levels as milk and cream supplies have held at above normal levels in the East. Butter makers' plants are full and tankers are lined up waiting to unload. With all the buttermilk that is being generated plus the heavy volumes of skim milk, dryers are operating nearly around the clock. Dry buttermilk stocks are growing as Eastern prices have to compete with steadily falling Midwest offering prices. Demand is fair at best as buyers wait to see where prices will settle out before getting back in to the market.

F.O.B. NORTHEAST: .9500 - 1.0100
DELVD SOUTHEAST: .9200 - .9800

DRY BUTTERMILK - WEST

The dry buttermilk market continues to come under pricing pressure. Levels are lower and the tone remains weak. Offering and sales prices in the other regions are lower and putting more pressure on pricing levels in the West. Demand is light and often contract based. Production levels are steady to higher to process increased condensed solids. Stocks are light to moderate and are often building.

BUTTERMILK: .9800 - 1.0550 MOSTLY: .9900 - 1.0100

DRY WHOLE MILK - NATIONAL

Prices are steady to occasionally higher and remain nominal. The market tone is little changed. Production levels are moderate, but producer stocks remain closely balanced. Demand is generally contractual with only minimal spot interest being reported.

F.O.B. PRODUCING PLANT: 1.1900 - 1.3100

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH JANUARY 25, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-- 27,330 MT (60,251,718 LBS)
CHANGE	-- 798 MT (1,759,271 LBS)
CHEESE	-- 3,030 MT (6,679,938 LBS)

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are lower on a weak market. Trading activity is lighter compared to the week prior. Many buyers are delaying contractual pick-ups in order to gain the benefits of expected lower prices in the coming week. Producers that previously held balanced supplies are now running a little long and reminding buyers to follow through on their contracts. At other locations, stocks remain long and product is difficult to clear, especially into export markets. Multiple load shipments are available at a discount. Production is steady to higher as milk and thereby cheese production increase in response to the warm weather in recent weeks.

NONHYGROSCOPIC: .2200 - .2500 MOSTLY: .2350 - .2500

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to move lower and the market tone remains weak. Contacts wonder if prices will continue to slip and, if so, how far. As is typical in a falling market, spot buyers have stepped back from the market to let things settle down. Reports of sales below the range have been noted, but unconfirmed. Eastern producers have loads to move. Most are keeping a watchful eye on their stocks, but as contracts expire, some producers may start to build inventories. Milk supplies are heavy and local cheese makers have plenty of milk to process, which is creating more whey to clear. Spot loads are available at most Eastern plants. There are more conversations regarding export sales, but exporting typically means lowering f.o.b. prices to compete on the world market.

F.O.B. NORTHEAST:	EXTRA GRADE	.2475 - .2550
	USPH GRADE A	.2650 - .2950
DELVD SOUTHEAST:		.2600 - .2700

DRY WHEY - WEST

Western whey prices range from steady to fractionally lower. Export sales results are mixed. Some contacts state that the lower prices are stimulating sales, but others note that was true two weeks ago but not now. Domestic sales have been steady over the last few weeks at lower levels. Buyers are tending to wait until the last minute to make purchases because they believe that prices may continue to decline. For the most part, this often turns out to be a self-fulfilling prophecy in a declining market. Production levels are also mixed, ranging from both higher to lower.

NONHYGROSCOPIC: .2150 - .2500 MOSTLY: .2200 - .2400

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a steady to weak market. Milk replacer supplies are generally in balance with demand, resulting in minimal price changes. Roller ground prices are moving in accordance with the Extra Grade market. Some buyers are examining the price relationship between delactose and WPC given that whey prices are declining. However, producers report that delactose demand remains strong with any decreased movement into the feed sector readily compensated by increased movement into the edible market. The December 2001 U.S. pig crop at 8.07 million head, was 3% more than the previous year. Veal production totaled 16 million pounds, 12% below December a year ago and a new record low for December. The average live weight was 10 pounds below last year, at 309 pounds.

MILK REPLACER:	.2000 - .2100
ROLLER GROUND:	.2350 - .2500
DELACTOSE (Min. 20% protein):	.4150 - .4300

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are mixed on a weak market. Movement remains light as buyers are generally miffed by the CCC NDM announcement that awarded only 1,721,294 pounds of the 3,924,836 pound offer at prices slightly lower than last month (\$0.6212-\$0.6331 compared to \$0.6445). Producers are satisfied with the announcement yet frustrated with continual NDM sales to the CCC. Traders report that CCC NDM is moving into export markets. The current export demand for WPC 34% is good as an attractive substitute to NDM. WPC production is mostly steady with inventories in balance to instances long. Grade A product is moving at a premium for the good edible interest. Offers of New Zealand 80% continue to compete for feed interest. Off grade and low protein WPC supplies are readily available at prices near the lower end of the range.

EXTRA GRADE 34% PROTEIN: .5800 - .6650 MOSTLY: .6500 - .6650

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a mostly steady market. Movement into Asia remains problematic for some producers, encouraging inventory growth. However, at other locations, supplies remain in good balance with producers unable to satisfy spot interest. Traders suspect that with Asian resistance and lower whey prices, second quarter prices will move lower or perhaps the market will move within the quarter. Currently, some premiums are notably lower on the higher mesh sizes. Feed interest is generally good as lactose remains an attractively priced substitute to whey. Off grade product is more available than in prior weeks at prices near the lower end of the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .2000 - .2800 MOSTLY: .2075 - .2375

CASEIN - NATIONAL

Casein prices are generally unchanged, although the market is unsettled. Domestic buyers indicate that shipments of needed stocks are arriving basically as scheduled. Suppliers are stating that production in the Oceania region is seasonally active and on track with projections. In Europe, current orders are being filled from inventoried stocks with the new production season beginning soon. European producers have mixed opinions as to production during the upcoming season, although most feel that production will be heavier than last season.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.3500 - 2.5000
ACID:	2.1800 - 2.3500

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels remain about steady at moderate to heavy levels. Surplus milk volumes are heavy, particularly in the Eastern portion of the country. With January's Class III milk prices expected to be little changed from December, manufacturers' schedules are probably not going to change too much. Demand is slow to fair, and typical for this time of year.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 33.00
Excluding promotional and other sales allowances. Including new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURESSelected settling prices, (open interest), and volume ^{1/}

Month	01/16	01/17	01/18	01/21	01/22	01/23	01/24	01/25	01/28	01/29
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
JAN 02	11.84 (1145) 18	11.83 (1123) 19	11.89 (1128) 8	NO TRADING	11.86 (1106) 5	11.88 (1115) 26	11.88 (1108) 6	11.87 (1095) 3	11.86 (1102) 8	11.85 (1104) 3
FEB 02	12.02 (1147) 31	12.05 (1198) 89	12.10 (1192) 24		12.19 (1227) 122	12.22 (1213) 31	12.25 (1213) 111	12.20 (1213) 56	12.05 (12.42) 81	12.01 (1256) 107
MAR 02	11.95 (1123) 24	12.00 (1172) 76	11.99 (1188) 28		12.00 (1230) 88	12.04 (1262) 65	12.03 (1266) 15	11.85 (1255) 33	11.66 (1263) 65	11.60 (1283) 73
APR 02	12.00 (1116) 42	12.05 (1127) 24	11.99 (1137) 18		11.99 (1188) 99	11.98 (1215) 50	11.96 (1220) 42	11.90 (1218) 18	11.80 (1240) 45	11.80 (1275) 99
MAY 02	12.00 (942) 21	12.05 (960) 34	11.97 (977) 23		11.99 (1024) 90	12.00 (1022) 57	11.98 (1054) 58	11.92 (1079) 40	11.81 (1085) 43	11.80 (1118) 91
JUN 02	12.50 (929) 13	12.50 (944) 23	12.50 (964) 29		12.50 (996) 81	12.50 (1006) 27	12.50 (1013) 40	12.40 (1049) 43	12.45 (1085) 73	12.42 (1115) 81
JUL 02	13.32 (829) 28	13.32 (837) 21	13.27 (852) 35		13.29 (906) 84	13.29 (937) 60	13.26 (949) 45	13.22 (985) 87	13.20 (1004) 26	13.20 (1052) 114
AUG 02	13.41 (760) 30	13.41 (769) 25	13.40 (794) 64		13.40 (855) 84	13.38 (887) 44	13.38 (895) 50	13.33 (901) 14	13.30 (912) 20	13.32 (952) 79
SEP 02	13.53 (740) 10	13.53 (754) 36	13.53 (782) 47		13.50 (857) 106	13.50 (856) 17	13.50 (858) 36	13.45 (867) 12	13.36 (881) 17	13.38 (919) 84
OCT 02	12.98 (581) 19	12.98 (577) 18	12.92 (581) 22		12.88 (618) 81	12.83 (631) 16	12.84 (652) 21	12.83 (651) 10	12.80 (657) 17	12.78 (673) 39
NOV 02	12.61 (349) 6	12.60 (353) 9	12.57 (361) 18		12.57 (410) 65	12.50 (418) 28	12.52 (420) 2	12.48 (423) 4	12.35 (432) 18	12.35 (454) 40
DEC 02	12.37 (317) 3	12.36 (321) 5	12.30 (318) 18		12.29 (364) 57	12.22 (376) 25	12.23 (378) 2	12.18 (387) 12	12.13 (393) 12	12.12 (413) 33
JAN 03	12.00 (15) 0	12.00 (15) 0	12.00 (18) 6		12.00 (18) 0	11.99 (18) 0	11.98 (17) 2	11.93 (17) 0	11.93 (23) 6	11.85 (25) 2
FEB 03	12.05 (11) 0	12.05 (11) 0	12.05 (13) 3		12.00 (13) 0	11.99 (13) 0	11.99 (12) 2	11.95 (12) 0	11.90 (12) 0	11.90 (12) 0
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
JAN 02	12.10 (134) 0	12.10 (134) 2	12.00 (134) 0	NO TRADING	12.00 (134) 0	12.00 (134) 0	12.00 (134) 0	12.00 (134) 0	12.00 (134) 0	12.00 (134) 0
FEB 02	12.05 (141) 0	12.05 (147) 9	11.96 (147) 5		11.95 (147) 0	11.95 (147) 0	11.95 (147) 0	11.95 (147) 0	11.95 (147) 13	11.95 (147) 0
MAR 02	12.06 (116) 0	12.06 (130) 16	12.05 (130) 0		12.05 (132) 5	12.05 (132) 0	12.05 (132) 0	12.05 (133) 1	12.00 (138) 5	11.99 (138) 0
APR 02	12.17 (133) 0	12.17 (140) 9	12.12 (147) 10		12.12 (152) 5	12.12 (152) 5	12.15 (152) 0	12.15 (152) 2	12.13 (152) 0	12.12 (152) 0
MAY 02	12.40 (168) 0	12.40 (180) 18	12.36 (180) 0		12.35 (182) 11	12.30 (192) 10	12.34 (192) 4	12.33 (199) 18	12.23 (199) 0	12.23 (199) 0
JUN 02	12.51 (199) 0	12.51 (205) 7	12.51 (230) 33		12.45 (238) 19	12.41 (283) 66	12.40 (293) 30	12.35 (2940) 1	12.35 (294) 0	12.35 (299) 10
JUL 02	12.59 (338) 0	12.58 (348) 16	12.53 (374) 71		12.40 (382) 33	12.40 (405) 23	12.40 (405) 0	12.40 (410) 11	12.35 (410) 0	12.35 (408) 12
AUG 02	12.66 (271) 0	12.60 (286) 16	12.53 (293) 36		12.45 (332) 61	12.50 (346) 15	12.50 (361) 25	12.50 (372) 11	12.45 (382) 10	12.40 (396) 14
SEP 02	12.70 (248) 0	12.69 (260) 21	12.63 (275) 18		12.55 (298) 43	12.50 (303) 5	12.50 (303) 0	12.50 (304) 1	12.44 (304) 0	12.44 (304) 0
CME - BUTTER FUTURES -- Cents per pound										
MAR 02	140.00 (110) 0	140.00 (112) 3	137.50 (122) 11	NO TRADING	135.75 (130) 30	135.50 (130) 4	135.50 (137) 9	135.00 (142) 16	135.00 (144) 4	135.00 (145) 1
MAY 02	144.00 (52) 0	144.00 (52) 0	144.00 (54) 5		139.00 (54) 4	139.00 (54) 0	138.00 (54) 0	138.00 (54) 1	138.00 (58) 4	138.00 (59) 1
JUL 02	146.00 (102) 0	146.00 (102) 0	146.00 (108) 6		141.00 (108) 0	141.00 (108) 0	141.00 (108) 0	141.00 (115) 7	141.00 (115) 0	141.00 (117) 2
SEP 02	148.50 (89) 1	150.00 (89) 0	150.00 (91) 2		145.50 (102) 36	143.25 (110) 8	143.25 (117) 7	143.00 (120) 16	143.00 (121) 1	143.00 (125) 6
OCT 02	149.50 (59) 0	149.50 (59) 0	149.50 (61) 4		145.00 (61) 0	145.00 (69) 8	143.50 (69) 0	143.77 (69) 0	143.77 (69) 0	143.7 (73) 4
CME - NONFAT DRY MILK FUTURES -- Cents per pound										
JUL 02	91.47 (11) 0	91.45 (11) 0	91.45 (11) 0	NO TRADING	91.37 (11) 0	91.35 (11) 0	91.35 (11) 0	91.32 (11) 0	91.22 (11) 0	91.22 (11) 0

^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 21 - February 1, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production trends in most Western European countries are comparable to last year at this time. In some countries, milk output is ahead of last season, thus producers and handlers are already looking at what will need to be done to maintain milk volumes within quota levels. According to producers, handlers, and traders of dairy products, the implementation of the actual euro currency has occurred quite smoothly throughout Europe. Although in recent days, the valuation against the U.S. dollar has dipped to levels of June 2000. Some speculate that confidence in the new currency is not as positive. In some countries, the new currency is the only currency that is being accepted through checkout counters. Previous currencies such as the Netherlands Gilder are no longer acceptable and full use of the euro is now in place. Other countries will be discontinuing their previous currencies over upcoming months. International buyer interest for manufactured dairy products remains slow and unaggressive. Most traders indicate that sales that are occurring are limited and center around small lot volumes. Most producers of skim powder are looking toward March 1 when powder produced 30 days prior can be offered to intervention. Opinions remain mixed as to how much of the total 109,000 mt intervention maximum will clear. Most feel that early offerings will probably be heavy, but the total volumes through August 15 vary. Although still too early, most traders indicate that the third round of export refund adjustments announced last week are having little impact on international sales at this time. Many feel that the opening of intervention will hopefully limit further skim powder price declines and encourage prices to recover.

BUTTER/BUTTEROIL: Butter prices are steady to lower, although some producers and handlers are reporting that prices are turning around. Buying interest remains slow and unaggressive internationally with most activity centering around domestic or internal needs. Production remains seasonally active and surplus stocks continue to be offered to intervention.

82% BUTTERFAT:	1,050 - 1,250
99% BUTTERFAT:	1,300 - 1,450

SKIM MILK POWDER (SMP): Skim milk powder markets are unsettled. Prices continue to edge lower, although a firmer undertone is developing. A third export subsidy adjustment occurred last week in as many months. At this point, the adjustment is having little impact on improved international sales. Producers are now able to generate powder for intervention offering March 1. Producers and handlers have mixed opinions as to how much will move into intervention during the open season which closes August 15. As intervention values are anticipated to be higher than current world prices, producers, handlers, and traders feel that European prices will firm toward that level.

1.25% BUTTERFAT:	1,420 - 1,550
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WHOLE MILK POWDER (WMP): Whole milk powder markets are weak as prices continue to decline. Stocks of powder in Europe are reported to be sufficient should international buyer interest gain momentum. At this time, most sales activity is limited and centers around small lot volumes. Many traders do not foresee much recovery in the market or improved interest until the second quarter at the earliest.

26% BUTTERFAT:	1,440 - 1,550
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SWEET WHEY POWDER: European whey powder markets are unsettled with prices unchanged to lower. Cheese production remains seasonally quite active, although recent price declines might encourage lighter production trends. Stocks of whey powder are readily available. Most demand is for domestic needs with international buyer interest limited. In many instances, European whey prices are higher than international buyers are willing to pay.

NONHYGROSCOPIC:	500 - 600
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OVERVIEW: EASTERN EUROPE: Eastern Europe has been experiencing a hard winter up to this point, but a milder weather pattern has been reported during recent days which should help ease milk production concerns. Up to this point, milk production has been mixed and hopefully the milder conditions will provide some recovery. International sales activity out of this part of Europe has been quite active over the past year, thus inventories are quite low for new interest. Most handlers are looking toward the upcoming production season to once again re-establish workable inventories.

OCEANIA

OVERVIEW: Milk production patterns in Australia and New Zealand remain seasonally active. As milk production declines, cumulative output trends are ahead of last season in both countries. In Australia, through the end of November, five months cumulative production is running 0.8% ahead of the previous year. While in New Zealand, production through the end of December 2001 is 3.1% ahead of the comparable months in 2000. Although New Zealand has a positive cumulative total, the month of December recorded a decline of 1%. Much of this decline is being attributed to wet conditions that prevailed in many areas. Overall international buyer interest remains slow and unaggressive. A third export refund adjustment in as many months in Europe and increasing DEIP bonuses in the U.S. have many Oceania producers and handlers concerned about how they are going to respond. Most indicate that current prices are under pressure and, to maintain market share, they are lowering prices. Stocks of most dairy products are reported to be readily available should buyer interest resume. At this point, shipments out of the Oceania region are occurring for regular and ongoing customer needs.

BUTTER: Oceania butter markets remain weak although prices are holding steady. Stocks of butter are reported to be available above and beyond regular customer needs. Producers and handlers indicate that butter production is seasonally active but trending lower. In instances, some Oceania producers are diverting milk away from butter/powder production toward other manufactured dairy products such as cheese and whole milk powder.

82% BUTTERFAT:	1,100 - 1,200
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CHEDDAR CHEESE: Oceania cheese markets are weak although prices are holding basically steady. Recent price declines have been in response to overall weak international markets. Oceania cheese production remains seasonally active and reported to be sufficient to maintain comfortable inventories for current and future needs. Current sales activity is centering around regular and ongoing customer needs.

39% MAXIMUM MOISTURE:	1,900 - 2,000
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SKIM MILK POWDER (SMP): Skim milk powder markets are weak as prices are steady to generally lower. A third export refund adjustment in Europe and increasing DEIP bonuses in the U.S. are putting pressure on Oceania prices. Most handlers and traders are indicating that to remain competitive in the market place their only response appears to be lower prices. Stocks of powder are sufficient to meet current needs to regular and ongoing customers with additional supplies available should buyer interest improve.

1.25% BUTTERFAT:	1,500 - 1,600
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WHOLE MILK POWDER (WMP): Whole milk powder markets are weak as prices edge lower. Much of the current price decline is occurring so as to maintain an equitable market presence. A third export refund adjustment in as many months in Europe is putting additional downward pressure on Oceania prices. Stocks of powder are reported to be available above and beyond regular and ongoing customer needs. At this point in the milk production season, when possible, some Oceania manufacturers are directing milk toward whole milk powder production versus butter/powder.

26% BUTTERFAT:	1,500 - 1,600
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Exchange rates for selected foreign currencies: JANUARY 28, 2002

.3913 Dutch Guilder	.4409 German Mark
.1315 French Franc	.4231 New Zealand Dollar
.1090 Mexican Peso	.5163 Australian Dollar
1.4096 British Pound	.0075 Japanese Yen
.2432 Polish Zloty	.8623 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1090)= 9.1743. That is 1 US Dollar equals 9.1743 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	REPORT NUMBER 5	2002	2001
	Average	Average	Average	Average	Average	Total	Total
	JAN 01 - 04	JAN 07 - 11	JAN 14 - 18	JAN 21 - 25	JAN 28 - 31	or	or
CHEESE							
MIDWEST COMMODITY CHEDDAR							
-- Cheddar Barrels	1.2650 - 1.2750	1.2650 - 1.2850	1.3050 - 1.3275	1.3325 - 1.3600	1.2100 - 1.3600	1.2996	1.0871
-- Cheddar 40# Blocks	1.2450 - 1.3025	1.2475 - 1.3450	1.3175 - 1.3475	1.3650 - 1.3900	1.2275 - 1.3900	1.3195	1.1025
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	1.4800 - 1.6500	1.4750 - 1.6500	1.5150 - 1.6500	1.5425 - 1.6500	1.5700 - 1.6500	1.5831	1.3951
-- Brick And/or Muenster 5#	1.6300 - 1.8325	1.6300 - 1.8075	1.6300 - 1.8800	1.6300 - 1.9275	1.6300 - 1.9525	1.7544	1.5707
-- Cheddar 40# Block	1.6100 - 2.1150	1.6100 - 2.1150	1.6100 - 2.1150	1.6100 - 2.1150	1.6100 - 2.1150	1.8625	1.7811
-- Monterey Jack 10#	1.8300 - 2.1150	1.8300 - 2.1150	1.8300 - 2.1150	1.8300 - 2.1150	1.8300 - 2.1150	1.9725	1.8839
-- Blue 5#	2.0225 - 2.3300	1.9975 - 2.3300	2.0700 - 2.3300	2.1175 - 2.3300	2.1425 - 2.3300	2.1994	1.9561
-- Mozzarella 5 - 6#	1.6125 - 2.2150	1.5875 - 2.2150	1.6500 - 2.2150	1.6500 - 2.2150	1.6500 - 2.2150	1.9224	1.8368
-- Grade A Swiss Cuts 6 - 9#	1.9675 - 2.6900	1.9675 - 2.6900	1.9675 - 2.6900	2.0675 - 2.6850	2.0675 - 2.6850	2.3468	2.3757
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	1.3150 - 1.7850	1.2900 - 1.7600	1.3800 - 1.8500	1.4275 - 1.8975	1.4525 - 1.9225	1.6071	1.3768
-- Cheddar Single Daisies	1.2725 - 1.7325	1.2475 - 1.7075	1.3375 - 1.7975	1.3850 - 1.8450	1.4100 - 1.8700	1.5596	1.3293
-- Cheddar 40# Block	1.4125 - 1.5925	1.3875 - 1.5050	1.4775 - 1.5950	1.5250 - 1.7150	1.5500 - 1.7400	1.5467	1.3293
-- Process 5# Loaf	1.4700 - 1.6325	1.4650 - 1.6275	1.5250 - 1.6875	1.5525 - 1.7150	1.5700 - 1.7450	1.5991	1.3840
-- Process 5# Sliced	1.4900 - 1.7475	1.4850 - 1.7425	1.5450 - 1.8025	1.5725 - 1.8300	1.5900 - 1.8575	1.6664	1.4455
-- Muenster	1.4750 - 1.6825	1.4500 - 1.6575	1.5400 - 1.7475	1.5875 - 1.7950	1.6125 - 1.8200	1.6359	1.4055
-- Grade A Swiss Cuts 10 - 14#	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.4500	2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	1.4150 - 1.6750	1.4100 - 1.6700	1.4500 - 1.7100	1.4775 - 1.7375	1.5050 - 1.7650	1.5812	1.3698
-- Cheddar 40# Block	1.3875 - 1.5275	1.3650 - 1.5050	1.4375 - 1.5775	1.4850 - 1.6250	1.5100 - 1.6500	1.5060	1.2918
-- Cheddar 10# Cuts	1.5675 - 1.7875	1.5450 - 1.7650	1.6175 - 1.8375	1.6650 - 1.8850	1.6900 - 1.9100	1.7260	1.5118
-- Monterey Jack 10#	1.5775 - 1.7375	1.5550 - 1.7150	1.6275 - 1.7875	1.6750 - 1.8350	1.7000 - 1.8600	1.7060	1.4918
-- Grade A Swiss Cuts 6 - 9#	2.3600 - 2.5300	2.3600 - 2.5300	2.3600 - 2.5300	2.3600 - 2.5300	2.3600 - 2.5300	2.4450	2.4114
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	1.6616 - 1.7956	1.6740 - 1.8090	1.6340 - 1.7974	1.6127 - 1.7767	1.5415 - 1.7128	1.7028	1.5248
-- Atlanta - dlvd. equiv.	1.6348 - 1.8090	1.6470 - 1.8225	1.6613 - 1.8247	1.6400 - 1.7904	1.5547 - 1.7128	1.7119	1.5263
-- Upper Midwest - f.o.b	1.6080 - 1.7822	1.6470 - 1.8090	1.7702 - 1.8247	1.6674 - 1.8040	1.6469 - 1.7259	1.7334	1.6033
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	1.0000 - 1.0800	1.0000 - 1.0500	0.9700 - 1.0500	0.9700 - 1.0500	0.9700 - 1.0500	1.0179	1.1107
-- Class III	0.9200 - 1.0100	0.9200 - 0.9900	0.9200 - 0.9900	0.9200 - 0.9900	0.9200 - 0.9900	0.9564	0.8429
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	19.0000 - 33.0000	19.0000 - 33.0000	19.0000 - 33.0000	19.0000 - 33.0000	19.0000 - 33.0000	26.0000	26.5000

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	REPORT NUMBER 5	20 02	2001
	JAN 01 - 04	JAN 07 - 11	JAN 14 - 18	JAN 21 - 25	JAN 28 - 31	Average or Total	Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	0.9425 - 0.9775	0.9000 - 0.9725	0.9000 - 0.9725	0.9000 - 0.9725	0.9000 - 0.9725	0.9396	N. A.
-- Mostly	0.9500 - 0.9700	0.9300 - 0.9700	0.9300 - 0.9700	0.9300 - 0.9700	0.9300 - 0.9700	0.9514	N. A.
-- High Heat	0.9750 - 1.0350	0.9600 - 1.0350	0.9600 - 1.0350	0.9600 - 1.0350	0.9600 - 1.0350	0.9986	N. A.
-- West (f.o.b.)							
-- Low/Medium Heat	0.8950 - 1.0100	0.8950 - 1.0100	0.8950 - 1.0100	0.8950 - 1.0050	0.8950 - 1.0000	0.9511	1.0127
-- Mostly	0.9000 - 0.9250	0.9000 - 0.9250	0.9000 - 0.9250	0.9000 - 0.9250	0.9000 - 0.9225	0.9123	1.0100
-- High Heat	0.9550 - 1.0200	0.9550 - 1.0200	0.9550 - 1.0000	0.9550 - 1.0100	0.9550 - 1.0100	0.9832	1.0600
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.2950 - 0.3075	0.2700 - 0.3075	0.2550 - 0.2925	0.2200 - 0.2750	0.2200 - 0.2500	0.2689	0.2719
-- Mostly	0.2950 - 0.3000	0.2800 - 0.2950	0.2600 - 0.2850	0.2400 - 0.2600	0.2350 - 0.2500	0.2696	0.2690
-- West (f.o.b.)	0.2350 - 0.2725	0.2300 - 0.2675	0.2200 - 0.2650	0.2200 - 0.2550	0.2150 - 0.2500	0.2427	0.2383
-- Mostly	0.2400 - 0.2625	0.2350 - 0.2550	0.2250 - 0.2450	0.2200 - 0.2400	0.2200 - 0.2400	0.2378	0.2262
-- Northeast Extra Grade (f.o.b.)	0.2925 - 0.3025	0.2800 - 0.3025	0.2800 - 0.2925	0.2625 - 0.2800	0.2475 - 0.2550	0.2795	0.2721
-- Northeast Usph Grade A(f.o.b.)	0.3000 - 0.3125	0.3000 - 0.3125	0.3000 - 0.3075	0.2850 - 0.3025	0.2650 - 0.2950	0.2983	0.2746
-- Southeast Extra Grade (Delvd)	0.3175 - 0.3325	0.3175 - 0.3325	0.2900 - 0.3200	0.2750 - 0.3000	0.2600 - 0.2700	0.3017	0.3084
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	0.6100 - 0.7050	0.6100 - 0.6975	0.6100 - 0.6850	0.5500 - 0.6675	0.5800 - 0.6650	0.6383	0.7780
-- Mostly	0.6500 - 0.7050	0.6575 - 0.6850	0.6500 - 0.6850	0.6500 - 0.6675	0.6500 - 0.6650	0.6663	0.7674
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.2600 - 0.2800	0.2300 - 0.2600	0.2050 - 0.2600	0.2050 - 0.2600	0.2000 - 0.2100	0.2356	0.2271
-- Roller Ground	0.2825 - 0.2950	0.2825 - 0.2950	0.2700 - 0.2875	0.2575 - 0.2725	0.2350 - 0.2500	0.2730	0.2643
-- Delactose	0.4150 - 0.4300	0.4150 - 0.4300	0.4150 - 0.4300	0.4150 - 0.4300	0.4150 - 0.4300	0.4225	0.4092
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	0.9700 - 1.0350	0.9300 - 1.0350	0.9300 - 1.0350	0.9300 - 1.0150	0.8500 - 1.0150	0.9739	1.0286
-- West (f.o.b.)	1.0300 - 1.0650	1.0300 - 1.0650	1.0200 - 1.0650	1.0050 - 1.0650	0.9800 - 1.0550	1.0382	1.0000
-- Mostly	1.0300 - 1.0400	1.0300 - 1.0400	1.0200 - 1.0300	1.0100 - 1.0200	0.9900 - 1.0100	1.0221	0.9850
-- Northeast (f.o.b.)	1.0000 - 1.0500	1.0000 - 1.0500	1.0000 - 1.0250	0.9500 - 1.0250	0.9500 - 1.0100	1.0063	0.9900
-- Southeast (Delvd)	1.0300 - 1.0800	1.0300 - 1.0800	0.9700 - 1.0600	0.9700 - 1.0400	0.9200 - 0.9800	1.0160	1.0550
WHOLE MILK POWDER							
-- National (f.o.b.)	1.1500 - 1.2700	1.1900 - 1.3000	1.1900 - 1.2700	1.1900 - 1.2900	1.1900 - 1.3100	1.2364	1.3345
LACTOSE							
-- Central And West (f.o.b.)	0.2000 - 0.2700	0.2000 - 0.2700	0.2000 - 0.2800	0.2000 - 0.2800	0.2000 - 0.2800	0.2381	0.1818
-- Mostly	0.2075 - 0.2375	0.2075 - 0.2375	0.2075 - 0.2375	0.2075 - 0.2375	0.2075 - 0.2375	0.2225	0.1675
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	2.3500 - 2.5000	2.3500 - 2.5000	2.3500 - 2.5000	2.3500 - 2.5000	2.3500 - 2.5000	2.4250	2.4000
-- Nonrestricted - Acid	2.2000 - 2.3500	2.1800 - 2.3500	2.1800 - 2.3500	2.1800 - 2.3500	2.1800 - 2.3500	2.2664	2.5036

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JANUARY 2002

COMMODITY	REPORT NUMBER 1	REPORT NUMBER 2	REPORT NUMBER 3	REPORT NUMBER 4	REPORT NUMBER 5	2002 *	2001 *
	JAN 1 - 4	JAN 7 - 11	JAN 14 - 18	JAN 21 - 25	JAN 28 - 31	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		1.3500	1.3750	#	1.3150		
--Tuesday							
--Wednesday	1.3500	1.3600	1.3850	1.3175	1.3100		
--Thursday							
--Friday	1.3500	1.3750	1.3400	1.3175		1.3454	1.2531
--Weekly Average**	1.3500	1.3617	1.3667	1.3175			
CHEESE*							
-- BARRELS							
--Monday		1.2550	1.3150	#	1.3200		
--Tuesday	#	1.2750	1.3175	1.3500	1.2600		
--Wednesday	1.2550	1.3150	1.3175	1.3500	1.2000		
--Thursday	1.2550	1.3150	1.3175	1.3500	1.2000		
--Friday	1.2550	1.3150	1.3500	1.3500		1.2970	1.0860
--Weekly Average**	1.2550	1.2950	1.3235	1.3500			
-- 40# BLOCKS							
--Monday		1.2550	1.3450	#	1.3450		
--Tuesday	#	1.3000	1.3625	1.3900	1.2925		
--Wednesday	1.2450	1.3450	1.3625	1.3900	1.2275		
--Thursday	1.2400	1.3450	1.3625	1.3900	1.23 50		
--Friday	1.2550	1.3450	1.3900	1.3850		1.3242	1.0912
--Weekly Average**	1.2467	1.3180	1.3645	1.3888			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		0.9900	0.9900	#	0.9900		
--Tuesday	#	0.9900	0.9900	0.9900	0.9900		
--Wednesday	0.9900	0.9900	0.9900	0.9900	0.9900		
--Thursday	0.9900	0.9900	0.9900	0.9900	0.9900		
--Friday	0.9900	0.9900	0.9900	0.9900		0.9900	1.0300
--Weekly Average**	0.9900	0.9900	0.9900	0.9900			
-- GRADE A							
--Monday		1.0000	1.0000	#	1.0000		
--Tuesday	#	1.0000	1.0000	1.0000	1.0000		
--Wednesday	1.0000	1.0000	1.0000	1.0000	1.0000		
--Thursday	1.0000	1.0000	1.0000	1.0000	1.0000		
--Friday	1.0000	1.0000	1.0000	1.0000		1.0000	1.0300
--Weekly Average**	1.0000	1.0000	1.0000	1.0000			

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

CME closed to observe Federal holiday.

JANUARY 2002 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY – DECEMBER 2001		21,669		
01/02/02	ASIA & FSU	3,000	JAN-SEP	\$455
01/04/02	ASIA & FSU	1,500	JAN-SEP	\$420
01/10/02	ASIA & FSU	68	JAN-JUN	\$447.65
01/10/02	CARIBBEAN, CENT & S. AM	70	JAN-MAY	\$455
01/16/02	ASIA & FSU	108	JAN-JUN	\$455
01/16/02	AFRICA & MIDDLE EAST	17	FEB-JUN	\$445
01/18/02	CARIBBEAN, CENT & S. AM	100	JAN-JUN	\$455
01/23/02	CARIBBEAN, CENT & S. AM	18	JAN-JUN	\$455
01/25/02	CARIBBEAN, CENT & S. AM	780	JAN-JUL	\$549.10
01/28/02	CARIBBEAN, CENT & S. AM	456	JAN-OCT	\$555
JANUARY 1 – 31, 2002		<u>6,117</u>		
CHEESE				
JULY - DECEMBER 2001		3,030*		
JANUARY 1 – 31, 2002		<u>0</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
BUTTERFAT				
JULY – DECEMBER 2001		0		
JANUARY 1 – 31, 2002		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				PROGRAM TO DATE
TOTAL BONUS VALUE				30,816
				\$12,344,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211.

Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

* Program year allocations are filled

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
OCT 2001	174.9	3.4	170.8	5.5	170.2	7.0	172.0	5.0	186.0	37.6	163.5	4.3
NOV 2001	174.6	3.4	171.2	6.1	169.2	8.0	172.6	6.0	171.1	27.9	162.7	4.6
DEC 2001	174.7	2.8	170.8	5.8	167.3	4.6	172.7	7.2	174.9	18.8	162.0	3.4
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	Dollars											
OCTOBER	2.954	2.805	2.675	2.720	3.688	2.627	4.023	3.640	4.216	3.930	3.824	3.620
NOVEMBER	2.890	2.753	2.649	2.633	3.162	2.483	3.971	3.639	4.241	3.862	3.463	3.320
DECEMBER	2.895	2.785	2.646	2.662	3.310	2.799	3.994	3.693	4.165	3.763	3.836	3.660

NA = Not available. ^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-SEPTEMBER-NOVEMBER AND YEAR-TO-DATE 2000-2001 ^{1/}

Item	Sep.-Nov. 2000	Percent change ^{2/}	Sep.-Nov. 2001	Percent change ^{2/}	Jan.-Nov. 2000	Percent change ^{2/}	Jan.-Nov. 2001	Percent change ^{2/}
	Million Pounds							
<u>MILK</u>								
Production	40,167	1.6	40,037	-0.3	153,906	3.1	151,488	-1.3
Marketings	39,840	1.6	39,719	-0.3	152,705	3.1	150,322	-1.3
Beginning Commercial Stocks ^{3/}	9,799	18.5	8,967	-8.5	6,143	16.5	6,839	11.3
Imports ^{3/}	1,042	-18.2	1,355	30.0	4,094	-5.7	5,321	30.0
Total Supply ^{4/}	50,681	3.9	50,041	-1.3	162,942	3.3	162,482	0.0
Ending Commercial Stocks ^{3/}	6,862	14.4	6,812	-0.7	6,862	14.4	6,812	-0.7
Net Removals ^{3/}	156	60.8	12	-92.3	792	175.0	137	-82.7
Commercial Disappearance ^{4/}	43,663	2.3	43,217	-1.0	155,288	2.6	155,533	0.4
<u>SELECTED PRODUCTS ^{5/}</u>								
Butter	372.7	2.2	365.8	-1.9	1,182.8	-0.7	1,141.3	-3.2
American Cheese	923.9	-1.5	953.4	3.2	3,284.6	1.2	3,380.6	3.2
Other Cheese	1,341.7	4.9	1,277.5	-4.8	4,554.7	6.7	4,532.1	-0.2
Nonfat Dry Milk	199.5	0.4	229.6	15.1	706.3	0.2	877.8	24.6
Fluid Milk Products ^{6/}	14,127.3	0.1	14,059.7	-0.5	50,733.8	-0.6	50,431.2	-0.3

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

Due to weather problems in Kansas City, the purchase period was abbreviated to just Jan 28 & 29

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF JANUARY 28 - 29, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 01/25/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	3,875,086	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,722,400	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	10,647,569	-0-	-0-
NONFAT DRY MILK							
Nonfortified	7,153,777	-0-	7,153,777	133,450,249	157,044,886	713,123,000	385,782,000
Fortified	-0-	-0-	-0-	-0-	26,867,069	38,227,000	36,448,000
TOTAL	7,153,777	-0-	7,153,777	133,450,249	183,911,955	751,350,000	422,230,000

Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*			MILKFAT*	
	BASIS	SOLIDS		BASIS	SOLIDS
PERIOD OF JAN. 28 - 29, 2002 =	1.6	83.3	COMPARABLE PERIOD IN 2001 =	2.8	152.3
CUMULATIVE SINCE OCTOBER 1, 2001 =	29.4	1,553.4	CUMULATIVE SAME PERIOD LAST YEAR =	138.7	2,246.1
CUMULATIVE JANUARY 1 - 29, 2002 =	12.4	657.5	COMPARABLE CALENDAR YEAR 2001 =	22.2	763.5

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE PERIOD OF JANUARY 28 - 29, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,442,814	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	710,963	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,718,240	2,066,443	2,417,401	1.5	38.4
WEST	-0-	-0-	-0-	4,889,729	129,572,249	181,494,554	97.1	61.3
EAST	-0-	-0-	-0-	39,600	1,811,557	-0-	1.4	0.3
TOTAL	-0-	-0-	-0-	10,647,569	133,450,249	183,911,955	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 01/12/02 & Comparable Week 2001

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1	
2002-Dairy	0.2	0.8	6.2	5.3	23.1	3.2	0.6	1.1	15.7	3.3	59.5	106.9	46.0	46.4
2001-Dairy	0.2	0.9	7.2	5.5	28.0	3.2	2.9	1.2	12.8	3.7	65.6	120.9	49.0	49.9
2002-All cows	0.2	1.0	9.2	15.6	35.0	16.4	19.4	6.6	18.1	7.9	129.3	230.5		
2001-All cows	0.3	0.9	9.6	16.7	38.6	15.6	22.6	5.7	15.4	8.6	134.0	242.1		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 - 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2002	FEB 2002
I 1/	13.99	11.94	12.65	13.44	14.21	14.99	15.34	15.40	15.56	15.93	15.76	11.98	11.96	11.95
II	12.82	13.43	14.17	15.10	15.72	16.05	15.96	15.98	16.24	13.53	12.78	12.61	12.69	
III	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80	11.87	
IV	12.13	12.70	13.46	14.41	15.04	15.33	14.81	15.06	15.59	12.77	11.97	11.79	11.93	

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm